C2710-1

Videotech: Where it is now, where it's headed—See Section 2

Advertising Age

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$1 a copy; $40 a year *The International Newspaper of Marketing • In Two Sections, Section 1.* *November 16, 1981*

New chairman of the Assn. of National Advertisers, Tom Ryan of Gillette (r.), chats with Don Goldstrom of Armstrong, a past chairman, and speaker Suzanne Keller of Princeton University.

ANA gathers in San Francisco

Don Johnston of J. Walter Thompson Co. (r.) brought the ANA a warning about the future of national brands. Discussing his speech are Bob Blake of General Mills (l.) and Tom Myers of American Express. ANA's annual meeting was at the Fairmont Hotel in San Francisco. (*Stories on Pages 1, 3, 10, 106 and 107.*)

ANA PARTLY MOLLIFIED

FTC's Miller: Ad proof still concerns me

By LARRY EDWARDS and TODD FANDELL

SAN FRANCISCO—The debate sparked by new Federal Trade Commission chairman James Miller III over the FTC's ad substantiation policy is clearly shaping up as the litmus test of just where the agency will be headed under his leadership.

Chairman Miller came before a wary and concerned Assn. of National Advertisers here last week with the avowed purpose of clearing up the "considerable confusion" over his "preliminary views" of the FTC's role in advertising. He earlier had created the confusion himself (AA, Nov. 2) when, during a press conference, he questioned the agency's ad substantiation policy, considered by many the teeth of the industry's own self-regulation procedures.

His effort did succeed in assuaging somewhat the ANA membership, whose leaders felt he had clarified where his thought process now stands and expressed a willingness to listen before making up his mind. But his remarks left little doubt that he intends to push for a rethinking of the government's role in ad substantiation, aimed at reducing it, and that his push easily will be strong enough to guarantee the issues will be swirling in advertising circles for a long time to come.

▪ In particular, Mr. Miller noted he continues to believe there should be a reevaluation of the need for any requirement for strong substantiation prior to the making of claims.

Mr. Miller and the ANA are philosophically agreed that the FTC's role in ad substantiation has been burdensome for advertisers, and room for lessened requirements exists. But in the aftermath of his Tuesday speech, it was ironically apparent that the industry's major concern is that his push would go too far in that direction.

In his address, Mr. Miller quickly stated: "Let me be very

(Continued on Page 107)

last minute news

K&E to open 4 new offices in major western move

LOS ANGELES—K&E will open new offices in Houston, Phoenix, Seattle and Portland and move a chunk of Chrysler's national account here in January, to create K&E Western division. Existing offices in San Francisco, Denver and Dallas will be expanded (L.A. will go from seven to 50 staffers). Chrysler's Mitsubishi business will be handled by a special L.A. account group, and a new movie business group will be established under Steve Frankfurt, who handles K&E movie creative in New York.

Fredericks resigns as WRG vice-chairman

NEW YORK—Charles Fredericks has resigned as vice-chairman of Wells, Rich, Greene. An internal memo from WRG chairman Mary Wells Lawrence noted that Mr. Fredericks, primarily in financial management, wants to return to "day-to-day operation." Mr. Fredericks, with WRG since '76 after 20 years at O&M, could not be reached for comment.

U.S. study hints early drinking, alcohol ad link

WASHINGTON—A major government-financed study reaches "suggestive and tentative" conclusions about the impact of alcoholic beverage ads after surveying 1,200 people, most of them aged 12 to 22. Exposure to beer, wine and liquor ads "appears to be associated with drinking behav-

(Continued on Page 8)

Lorillard sets flight plan

By JOHN J. O'CONNOR

NEW YORK—Battling to achieve greater impact with its ad dollars in the face of continued massive spending by competitors, Lorillard next year will compress its magazine schedule and resort to flighting for periods ranging from one to three months in all media.

J. Robert Ave, Lorillard exec vp, said the move will result in "our being heavily involved in some magazines, lightly involved in others and not involved" in the rest. Mr. Ave said it would be fair to say that the company's ad budget in 1982 "will be on a par with this year." The Loews Corp. subsidiary's spending in '81 is estimated to be more than $140,000,000.

Responding to a question, Mr. Ave admitted that the company's first share decline in the last five years also had a bearing on the strategy shift. The company's '81 market share dropped 0.05% to 9.2%, according to analyst John C. Maxwell Jr. of Lehman Brothers Kuhn Loeb Research. (A 1% share of market translates to more than $130,000,000 at the factory level.)

The Lorillard exec pegged the company's decline to massive ad

(Continued on Page 102)

Goes after specialty coffees

Kraft tests coffee flavoring

By JANET NEIMAN

CHICAGO—Inspired by General Foods' and Hills Bros.' success in the flavored coffee business, Kraft Inc. is testing a flavored coffee additive, aimed at a broader consumer segment, under the Coffee Velvet name.

Now entering tests in Tucson, Washington state and other undisclosed markets, Coffee Velvet, unlike its competitors, contains no instant coffee. Using the same ingredients as powdered nondairy creamers, along with mocha, mocha cinnamon or mocha mint flavoring, the product is added to a cup of coffee.

Kraft sees the line as an addition to the $56,000,000 flavored coffee category, now led by General Foods International Coffees and Hills Bros.' Flavored Instant coffees.

But Coffee Velvet also may eat up some of the shares of entries in the nondairy creamer category, such as Carnation's Coffee-mate and Borden's Cremora.

In fact, some years ago, Borden experimented with a three-item line of flavored nondairy creamers (believed to have been named Gourmet Cremora) but pulled it out of test after about six months. Competitors said weak creative and poor packaging contributed to the line's problems.

General Foods' International coffees, marketed nationally, hold

(Continued on Page 107)

NEWSPAPER

AA
DC2001#CONGLI FMJF M
CONGRESSIONAL INFO SERVICE
SRI ACQUISITIONS
4520 EAST-WEST HWY #800
WASHINGTON DC 20014

Nabisco eyes Life Savers

By NANCY GIGES

NEW YORK—Nabisco Brands' agreement to buy Life Savers confectionery products from Squibb Corp. is viewed as a positive move for both companies.

In fact, observers say the companies that may be adversely affected by the proposed sale are Warner-Lambert's American Chicle division and Wm. Wrigley Jr., the two primary competitors of Life Savers.

Nabisco has agreed in principle to pay about $250,000,000 in cash and notes to Squibb for the marketer of hard-roll candies and gums sold under the Life Savers, Breath Savers, Care-Free, Bubble Yum and Replay names. Life Savers had sales last year of $342,000,000 and operating income of $42,000,000.

Squibb has hopes of attaining a 16% to 19% growth rate in the next several years with the successful launch of promising new drugs. Its chances of achieving those objectives are increased with the sale of its confectionery business, which would have reduced that growth.

For Nabisco, the business expands its confectionery operation, which is led by Baby Ruth and Butterfinger candy bars. Hard-roll candies are less sensitive to commodity swings because they do not contain chocolate. Since Nabisco is already in the corn syrup business through its earlier merger with Standard Brands, that ingredient is readily available as a sugar alternative should sugar prices soar.

Life Savers is the country's largest producer of bubble gum, with a 33% market share. It trails Wrigley and Chicle in chewing gum with an 11% share. #

Gallery scene of transponder lease auction

John Marion, president of Sotheby Parke Bernet, auctions off seven RCA Americom transponder leases. Final bids from various cable tv operators ran from $10,700,000 to $14,400,000, for the seven leases, for a total of $90,100,000. *(Story on Page 101.)*

Why CBS revamped its team

By COLBY COATES

NEW YORK—The sweeping reorganization of the CBS Broadcast Group, of which the news presidency was only one key element, was a plan that had been mapped out weeks ago but was shared by only a few key executives.

Moreover, CBS sources insist that it wasn't pressure from the top or panic over news ratings that forced the decision, nor was it a premature one. Instead, it occurred as it was supposed to, before CBS execs flew off to Hawaii for a series of meetings with the network's affiliates board. And it was designed to reduce the back-breaking load on Gene Jankowski, president, CBS Broadcast Group.

▪ Given the value CBS or any network places on its relationship with affiliates, it would have made little sense for CBS to discuss some very serious issues with the affiliates board and then return to New York and completely change the face of the Broadcast Group. Besides being impolitic, it would have denied one of the big winners in the reorganization, former CBS-TV Network president James Rosenfield, from sharing his moment in the sun with the body that helped him get where he is today.

And that is on a level with Thomas Leahy, until last week senior broadcast vp of the CBS Broadcast Group. Now both have the title of exec vp, CBS Broadcast Group, reporting directly to Gene Jankowski, architect of the reorganization. Reporting to Mr. Leahy are the CBS TV Stations division; CBS Radio; CBS Cable, and CBS International plus new ventures.

▪ Mr. Rosenfield, meanwhile, is now cast in the role of what some say is reminiscent of what a tv network president used to be. Now, in addition to being responsible for the tv network, Mr. Rosenfield also has CBS Entertainment head Bud Grant and CBS Sports chief Neal Pilson reporting to him.

When the day comes that CBS

(Continued on Page 102)

highlights

Monday, Nov. 16, 1981

The Washington Post Co. is selling *Inside Sports* because strategists were wrong when they said it could survive on newsstand sales. *See Page 6.*

International attacks on advertising are increasing. *See Page 10.*

FTC member Michael Pertschuk told a University of California audience how he rescued the commission from extinction. *See Page 12.*

The National Advertising Division has asked Procter & Gamble to consider the effects its ads for its shatterproof Scope bottle might have on children. *See Page 14.*

The pen is indeed mightier than the sword, as Gillette slashes away at Bic Pen Corp.'s profits. *See Page 47.*

Welch Foods has discontinued 50% of the items in its product line. *See Page 103.*

Playboy is reinvesting in traditional businesses as it becomes cash rich from the sale of U.K. gaming properties. *See Page 104.*

Panasonic's new hand-held computer will force the advanced calculator into the computer category. *See Page 104.*

Westinghouse Broadcasting Co. has planned a joint cable venture with Walt Disney Productions. *See Page 105.*

Assn. of National Advertisers elects Gillette's Tom Ryan as new chairman. *See Page 106.*

CORPORATE CLOSEUP

Hazel Bishop starts a new chapter with a new face, but it has a familiar look. *See Page 4.*

FOLLOWUP

SFM Entertainment is putting the finishing touches on its documentary and classic movie syndication packages. *See Page 76.*

INTERNATIONAL

The trend toward splitting the agency and media function in Europe, with Ogilvy & Mather and Young & Rubicam in the lead, has found another convert at Havas, the leading French agency, partly owned by the French government. *See Page 80.*

At the recently held Corporate Advertising Symposium in Toronto, organized by the International Center for Societal Advertising, the corporate trouble-shooting ad campaigns of the oil and chemical industries came in for some criticism. *See Page 82.*

For the first time in 21 years, Britain will get a new middle-market Sunday newspaper, *Mail on Sunday*, and London admen are voting it a winner even before it hits the streets. *See Page 84.*

MAGAZINE

Rick Douglas presents five client marketing/advertising people who discuss current problems they face and how those problems are being met. *See Page 55.*

According to Geoffrey E. Meredith, agencies that grow their own professionals will be the ones that survive in the 1980s. He presents guidelines on how to cultivate pros. *See Page 62.*

Morton B. Elliot looks at airline giveaways—the ones that show the logic of giving away what you really can't sell or can't sell often enough to make a difference. *See Page 65.*

REGULATION

The FTC's top man on ad regulation policy isn't ready to throw out the commission's advertising substantiation policy. *See Page 66.*

VIDEOTECH

ESPN head Chester Simmons is starting over in cable after guiding network tv sports through its early years. *See Page 68.*

Zenith Radio Corp. still believes in the future of videodiscs despite lackluster dealer interest and disappointing sales. *See Page 70.*

section 2

VIDEOTECH

What problems and opportunities are offered to marketers by cable television? Section 2/Videotech examines this growing facet of media—where it has been, where it is now and where it is headed, beginning opposite Page 54.

REGULAR FEATURES

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Vol. 52, No. 48—ADVERTISING AGE (ISSN 0001-8899) is published weekly except semi-weekly the third week in March, the second week in September at 740 Rush Street, Chicago, IL 60611. Second-class postage paid at Chicago and additional mailing offices.

WOR-TV may lose Satcom I

By MAURINE CHRISTOPHER

NEW YORK—By mid-year there apparently will be one less superstation on the main cable bird. Eastern Microwave, which sells WOR-TV here, is losing its transponder on Satcom I to Cable Health Network, a new 24-hour advertiser-supported service to be announced today by Viacom International.

Ralph Baruch, chairman of Viacom International, for some time has shown an interest in basic national cable programing. This gives him his entree.

Viacom, as the primary lease holder, is due to exercise its right to reclaim the transponder for its own use. CHN will be headed by Jeffrey Reiss, former president of Showtime, of which Viacom is 50% owner. He has been working on a catv health channel for several months.

Eastern Microwave sells the WOR-TV signal to more than 950 systems reaching 4,000,000 homes. They are fed microwave and the RCA bird for a cable operator fee of 10 cents per home per month. The resale carrier was among those on hand at the RCA auction

(Continued on Page 102)

Advertising Age/Section 2

NOVEMBER 16, 1981

VIDEOTECH

CABLE TV: IT'S STILL IN A SWIRL

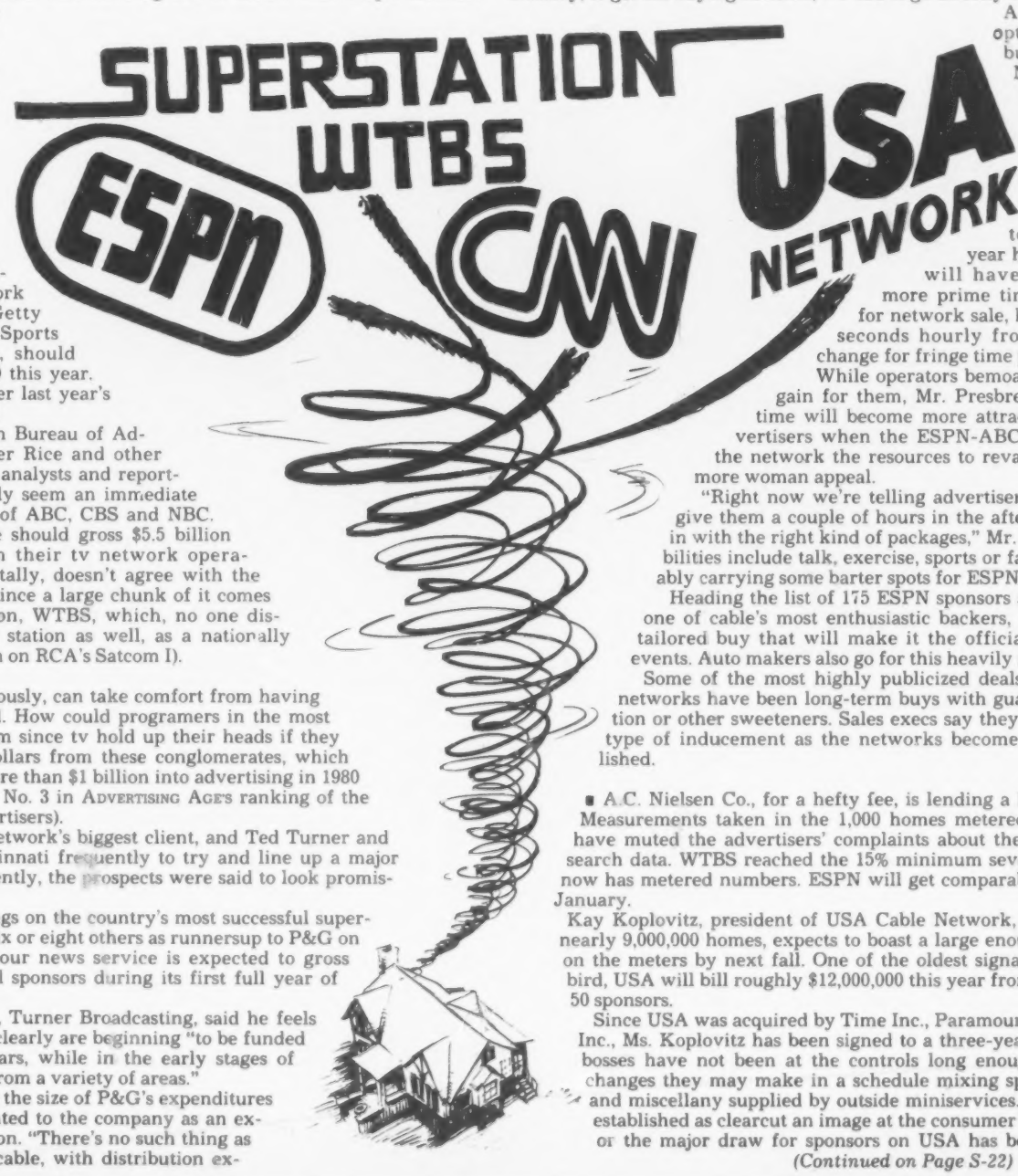
Despite an upsurge in billings, advertisers continue to experiment with the medium.

BY MAURINE CHRISTOPHER

As Procter & Gamble and General Foods go, so goes the world of advertising.

If these two influential marketers, perennially the most liberal spenders on the Big Three television networks, are the cable tv role models for other sponsors, the upstart cable networks should feel anything but sanguine, despite this year's surge in national billings.

The figures tell the story: Although P&G and GF will spend about $655,000,000 between them in regular network tv this year, they have diverted only an estimated $8,000,000 to $10,000,000 to the cable networks. (GF is among the Ted Bates & Co. clients who have agreed to follow that shop's formula of devoting 5% of the conventional network tv budget to Turner Broadcasting's WTBS, as a means of compensating for the Big Three's prime time audience losses in pay cable homes.)



■ Over-all national network cable billings, paced by Turner Broadcasting's two vehicles—Cable News Network is the other—and by Getty Oil's Entertainment & Sports Programming Network, should total at least $100,000,000 this year. That's a healthy gain over last year's $35,000,000 to $45,000,000.

However, as Television Bureau of Advertising president Roger Rice and other skeptics keep reminding analysts and reporters, cable's inroads hardly seem an immediate threat to the well being of ABC, CBS and NBC. Those giants of the tube should gross $5.5 billion altogether in 1981 from their tv network operations. (Mr. Rice, incidentally, doesn't agree with the $100,000,000-plus figure since a large chunk of it comes from Atlanta superstation, WTBS, which, no one disputes, is an over-the-air station as well, as a nationally distributed catv attraction on RCA's Satcom I).

■ Cable salespeople, obviously, can take comfort from having P&G and GF in the fold. How could programers in the most talked about new medium since tv hold up their heads if they weren't getting a few dollars from these conglomerates, which between them poured more than $1 billion into advertising in 1980 (making them No. 1 and No. 3 in ADVERTISING AGE's ranking of the 100 leading national advertisers).

P&G is Cable News Network's biggest client, and Ted Turner and his sales aides visit Cincinnati frequently to try and line up a major schedule for WTBS. Recently, the prospects were said to look promising.

GF ranks first in billings on the country's most successful superstation and falls in with six or eight others as runnersup to P&G on CNN. The original 24-hour news service is expected to gross $15,000,000 from national sponsors during its first full year of business.

Gerry Hogan, vp-sales, Turner Broadcasting, said he feels that cable's billings now clearly are beginning "to be funded out of network tv's dollars, while in the early stages of cable selling, they came from a variety of areas."

And far from belittling the size of P&G's expenditures on CNN, Mr. Hogan pointed to the company as an example worthy of emulation. "There's no such thing as traditional day parts in cable, with distribution extending all the way to Hawaii," said the TBS exec. So the P&G schedule for all products runs throughout the 24 hours and with "enough frequency to maximize the reach." Mr. Hogan, who lists 155 advertisers on CNN and close to 200 on WTBS, said that nearly all of the top 25 tv advertisers are using some cable. For WTBS, the list adds up to billings of $55,000,000 this year. Subtracting $10,000,000 for local billings, that still leaves enough to comprise national cable's largest single portion of $45,000,000.

■ The atmosphere throughout the cable advertising industry is upbeat. Mr. Hogan said a changing attitude on the part of many agencies is one sign of further growth. "We are now working more closely with agencies," he said. "Initially, to get the buying decision, we had to go directly to clients."

Also brimming with optimism about future business prospects is Mike Presbrey, vp-advertising sales with ESPN. This year the 24-hour sports network tripled its billings to a total of $22,000,000 to $24,000,000. Next year he and his sales force will have the advantage of more prime time national minutes for network sale, having recaptured 90 seconds hourly from operators in exchange for fringe time periods.

While operators bemoan this as a poor bargain for them, Mr. Presbrey predicts that daytime will become more attractive to national advertisers when the ESPN-ABC joint venture gives the network the resources to revamp the schedule for more woman appeal.

"Right now we're telling advertisers and agencies we'll give them a couple of hours in the afternoons if they come in with the right kind of packages," Mr. Presbrey said. Possibilities include talk, exercise, sports or fashion formats, probably carrying some barter spots for ESPN to sell.

Heading the list of 175 ESPN sponsors are Anheuser-Busch, one of cable's most enthusiastic backers, and Timex, in for a tailored buy that will make it the official clock at cablecast events. Auto makers also go for this heavily male reach.

Some of the most highly publicized deals in cable on all the networks have been long-term buys with guaranteed rate protection or other sweeteners. Sales execs say they are phasing out this type of inducement as the networks become more firmly established.

■ A.C. Nielsen Co., for a hefty fee, is lending a hand in this respect. Measurements taken in the 1,000 homes metered for tv's Big Three have muted the advertisers' complaints about the lack of reliable research data. WTBS reached the 15% minimum several months ago and now has metered numbers. ESPN will get comparable measurements in January.

Kay Koplovitz, president of USA Cable Network, which is now up to nearly 9,000,000 homes, expects to boast a large enough circulation to go on the meters by next fall. One of the oldest signals of the main cable bird, USA will bill roughly $12,000,000 this year from schedules for 40 to 50 sponsors.

Since USA was acquired by Time Inc., Paramount Pictures and MCA Inc., Ms. Koplovitz has been signed to a three-year contract. Her new bosses have not been at the controls long enough to indicate what changes they may make in a schedule mixing sports, children's fare and miscellany supplied by outside miniservices. So far USA has not established as clearcut an image at the consumer level as ESPN, CNN or the major draw for sponsors on USA has been Madison Square

(Continued on Page S-22)

National sponsor rates

for major satellite-fed cable services

Network/location	Program type	Cost per 30-second spot	Homes reached
ARTS New York	Prime time visual & performing arts	$1,500 avg.	5,000,000
Black Entertainment Television (BET) Washington	Friday 11 p.m. to 2 a.m. EST movies, sports	$ 375 avg.	7,800,000
Black Music Cable* Network New York	Noon-1 a.m. EST music	N/A	2,000,000 (projected as of 7/82 launch)
Cable News Network I (CNN I) Atlanta, Ga.	24-hour in-depth news & info	$300-$2,500 range	9,000,000
Cable News Network II (CNN II) Atlanta, Ga.	24-hour news headlines	N/A	2,000,000 (projected as of 1/82 launch)
Cable News Corp.* (CNC) Epping, N.H.	15 hours daily news and info programing	N/A	2,000,000 (projected as of 4/82 launch)
CBS Cable New York	12 hours nightly cultural	N/A	3,000,000 (projected)
Christian Broadcasting Network (CBN) Virginia Beach, Va.	24 hours all family entertainment	$ 650 avg.	13,300,000
Daytime* New York	1 p.m. to 5 p.m. weekdays women's informational	$1,250 avg.	5,000,000 (projected as of 3/82 launch)
ESPN Bristol, Conn.	24-hour sports	$200 to $1,100 range	12,300,000
Health Channel*	24-hour health, diet, nutrition & medical	$150 to $600 range	5,000,000 (projected as of 5/82 launch)
Heartbeat Media* Network New York	Six-hour daily multimusic styles	N/A	N/A (projected 2/82 start)
KidVid Network* New York	Three hours daily of children's fare	N/A	N/A (projected 8/82 start)
Modern Satellite Network (MSN) New York	Daytime informational/-educational for women	$ 300 avg.	4,100,000
Music Television (MTV) New York	24-hour young adult music format	$1,000 avg.	2,500,000
Nashville Network* Nashville	12 hours daily country music/variety	N/A	2,000,000 (projected as of 10/82 launch)
Satellite NewsChannels - First* (SNC 1st) New York	24-hour short form news	N/A	N/A (projected spring '82 start)
Satellite NewsChannels - Second* (SNC 2nd) New York	24-hour long form news	N/A	N/A (projected fall '82 start)
Satellite Program Network (SPN) Tulsa, Okla.	24-hour family/life style entertainment	$ 75 to $200 range	3,146,177
Spanish International Network (SIN) New York	24-hour Spanish variety	$ 500 to $5,000 range	2,673,000
USA Cable Network Glen Rock, N.J.	24-hour general fare	$ 300 to $1,500 range	9,000,000
UTV* Fairlawn, N.J.	12 hours daily Involvision viewer participation	N/A	3,000,000 (projected as of 4/82 launch)
WTBS superstation Atlanta, Ga.	24-hour sports, movies, variety	$ 780 to $6,500 range	17,930,000
Weather Channel* Atlanta, Ga.	24-hour live weather	N/A	N/A (projected 4/82 start)

*Announced, not yet operational
Source: Compiled by Katherine Connolly, TAG Cable Information Exchange, New York.

Cable television is still in a swirl

(Continued from Page S-1)

Garden and other sports events. Its ranking clients are Ford Motor Co., Toyota Motor Sales and Miller Brewing Co.

A significant step forward came last fall when Bristol-Myers joined the lineup with "Alive & Well," its own 60-minute daily magazine show, which is targeted at women. It was earlier, Bristol-Myers scored a publicity coup by signing a 10-year agreement as one of Cable News Network's charter advertisers. USA, WTBS, CNN and ESPN are singled out by the Broadcast Advertisers Reports as the leading networks in wired television. They will join the measured media elite circle in January, 1982 when Broadcast Advertisers Reports starts estimating who is spending how much for which brands on each of the four.

■ Coincidentally, the incumbents on all the cable satellites will be facing an augmented array of scrappy challengers. The most formidable could be Satellite NewsChannels, a joint venture combining the muscle, pocketbook and know-how of Westinghouse and ABC.

In Atlanta, the Turner forces will be fighting themselves as well as SNC. CNN I will be pitted against an inhouse rival, CNN II, a headline service rushed in to the market to counter Group W and ABC.

Also pushing aggressively for their share of advertising dollars are CBS Cable, offering a well promoted cultural lineup, and Christian Broadcasting Network Cable, positioned as an all-family alternative to the current sex and violence on regular television, and Warner Amex's MTV: Music Television, which is the first channel to program music full time for rock lovers.

■ Sophisticated industry observers do not expect all the choices on the bird to survive.

Ahead could be a year of fallout as the less well financed companies are vanquished.

There certainly aren't enough ad dollars to support all the programmers. With the exception of the superstations, none of the advertiser-supported services, wafting through space into the cable lines, are making much money yet. (WGN-TV, Chicago, and WOR-TV, New York, do not sell themselves nationally as cable networks.)

The cable networks' financial problems may worsen, temporarily at least, as operators of local systems refuse to pay for software when there is so much of it available without cost.

Furthermore, ESPN and SIN National Spanish Television Network have opened the door to affiliate compensation and everyone would, of course rather be paid than pay.

The future could bring more experimentation in the use of cable—in terms of commercial lengths, patterns and approaches and in tests combining entertainment with sellin .

■ And cable television, at this early stage at least, offers advertisers an affordable opportunity to take a more active role in programing.

Sponsors such as Kraft Inc., Bristol-Myers and Mobil Corp. already have seized this opportunity. This trend could produce a return to the good old days of early television, when sponsors enriched American culture with original drama.

Or it might be thrown back to the bad old days of early tv, when some of those same sponsors were accused of trying to control the content on the home video screen.#

Maxine Christopher, deputy executive editor of Advertising Age, writes a weekly column on Videotech and has followed the development of the new video technology since its inception. Art Page S-1 by Milt Priggee

The cable (inter) connections

Where to buy spot cable

By Cable Market of Opportunity

CMO	Systems	Subscribers	Pricing—30-second spot	Rep
NEW YORK METRO**	13 systems	836,000	$175-$225 scattered $700-$850 Knicks/Rangers	Cable Networks Inc.
Manhattan	Manhattan Cable TV	130,000	$60-$100 scattered $350 Knicks/Rangers	CNI avails on ESPN, CNN, USA, and locally originated channels.
	Teleprompter	70,000		
	Total	200,000		
Long Island	Cablevision	135,000	$80-$125 scattered $315 Knicks/Rangers	
	Viacom	80,000		
	Teleprompter/Islip	10,000		
	UA-Columbia	40,000		
	Total	265,000		
Westchester	UA-Columbia	35,000	$25-$45 scattered $35 Knicks/Rangers	
	Cablevision	20,000		
	Total	55,000		
New Jersey	UA-Columbia	100,000	$30-$160 scattered $225 Knicks/Rangers	
	Suburban Cable	130,000		
	Vision Cable	25,000		
	Sammons Cable	35,000		
	Cablevision	26,000		
	Total	316,000		
BOSTON**	6 systems	206,000	$2,400 for a package of 30 scattered 30-second spots	Eastman CableRep
	Colony Communications	60,000		
	Warner Amex	60,000		(Same satellite network services not always on all systems.)
	Teleprompter	20,000		
	Continental Cablevision	41,000		
	Cape Cod Cablevision	25,000		
HARTFORD/NEW HAVEN*	7 systems total	232,000	$150-ESPN $125-CNN	Eastman CableRep
	Hartford CATV	40,000	prime time	
	Rollins CableVision	35,000	$2,000 for a package of 40	(Cablenet,
	Storer Cable	40,000	scattered 30-second spots	locally)
	Telesystems	22,000		
	United Cable TV	36,000	$1,500 for a package of 20	
	Valley CableVision	24,000	prime time 30-second spots	
	Waterbury Community Antenna	35,000		
SYRACUSE**	4 systems total	115,000	$75 scattered	Eastman CableRep
	Upstate Cablevision	20,000	$1,500 for a package of 30	(Tele-Cable
	Syracuse Cablesystems	35,000	scattered 30-second spots	Sales,
	Syracuse NewChannels	35,000		locally)
	Teleprompter/Elmira	25,000		
WESTERN NEW YORK*	4 systems total	183,000	$525 scattered	Eastman CableRep
	International Cable	93,000	$1,300 for a package of 3	
	Courier Cable	60,000	scattered 30-second spots	Cable Time,
	Niagara Frontier Cable	20,000		locally)
	Global Cable	10,000		
SAN DIEGO*	3 systems total	313,747	$150 scattered on CNN	Eastman Cable Rep
	Mission Cable (Cox)	210,655	$1,800 for a package of 30	
	Southwestern Cable	60,700	scattered 30-second spots	(KCOX,
	Times-Mirror Communications	42,392	$3,000 for a package of 30 prime time 30-second spots	locally)
SAN FRANCISCO BAY AREA*	28 systems with Gill as head-end	425,000	$150 prime time on CNN $225 prime time on ESPN	Eastman Cable-Rep
			$3,000 for a package of 30 scattered 30-second spots	(Gill, locally
SEATTLE/TACOMA**	4 systems total	174,050	$150 prime time	Eastman CableRep
	Viacom Cablevision	84,600	$2,400 for a package of 30	
	Cox Cable	38,000	scattered 30-second spots	
	Cable TV/Puget Sound	35,700		
	NationWide Cablevision	15,750		

*Electronic (microwave) interconnect
**Simulated (bicycled) interconnect
Note: Cost is segmented by satellite network, where or when applicable. Subscriber figures are current for October, 1981.

BY R.C. MORSE

While franchise battles rage fiercely in and around the unwired major metropolitan areas, who would believe that, after the wire has passed, a conciliatory and even cooperative mood could develop between former rivals?

In those areas where the dust has settled, tentative friendly overtures between system operators have spawned a whole new entity in the cable industry—the interconnect.

The only generalization one can make about interconnects is that no two evolve the same way or for the same reasons. Technically, interconnects are either electronic or simulated: The former a microwave (or hardwire or AML) connection; the latter, systems in which videotapes are bicycled between participants.

Electronic interconnects currently include the Hartford/New Haven, Western New York, San Diego and San Francisco Bay Area systems. Simulated interconnects include the New York Metro, Boston, Syracuse and Seattle/Tacoma systems.

While these eight represent the major functioning interconnects, there are hybrids—single systems that are being sold like interconnects because of the unique opportunities they offer. These include Palmer Cablevision in Naples, Fla., and Palm Springs, Cal., serving 60,000 households in two of the country's most affluent communities; Tulsa Cable, the 10th largest system in the country, serving 95,000 subscribers with 11 ad-supported channels, and the Portland, Ore., system.

■ And more are in the works. Harron Cable plans to launch one Philadelphia interconnect by February that would serve 350,000 households through 26 systems in southeastern Pennsylvania, southern New Jersey and Delaware, while Suburban cable system may launch a second Philadelphia system. Other interconnects are now being negotiated or started in Pittsburgh, Atlanta, Cleveland, Iowa and Wichita/Hutchinson, Kan. Many of these should be operational next year, and you can be sure it won't be long before other major market operators will catch on and cash in on the benefits of interconnection.

Profits to system operators—by way of local and regional advertising—are the binding force in tying anywhere from a few to more than two dozen individual systems together.

In many cases these interconnects represent, by replication, what in advertising jargon is an Area of Dominant Influence (or Designated Market Area or Standard Metropolitan Statistical Area).

Agencies are buying spot cable time on the basis of the area the interconnects cover. "But what interconnects are actually creating," says Eastman CableRep president Carl Weinstein, "is a CMO—a cable market of opportunity, which in several instances is going beyond the ADI or DMA concept."

For example, in Santa Clara County, Gillcable serves 85,000 households in its own franchise area, with an additional 350,000 households from other systems in the San Francisco area. The Gill cable interconnect stretches from Napa in the north to Salinas in the south, with plans for major additions in the future in the San Fran

R.C. Morse is a New York-based free lance writer.

cisco area. Gillcable formed the San Francisco area interconnect to aid in selling advertising, but that is not always the case.

■ In San Diego, for instance, Cox's Mission Cable initially fed the signals of Los Angeles network owned & operated stations via microwave to the Southwestern Cable system because geography prevented Southwestern from picking up the Los Angeles signals directly.

By itself, Cox's system reached only 37% of the ADI. But since its link with Southwestern and the inclusion of the Times Mirror system, the interconnect now reaches 50% of the ADI, increasing all three systems' opportunities for pulling in advertising dollars.

■ Other interconnects are formed for other purposes. The Western New York interconnect was initially formed to telecast Buffalo Sabres hockey games to fans in the upstate region, but there are now plans to expand into other programing areas.

The Iowa interconnect, already in formation, reaches seven ADIs in Iowa and Nebraska with Iowa football.

When interconnects are formed, one system is generally acknowledged as the head-end. In some cases, the head-end makes the investment necessary to form the actual interconnection (as Cox and Gillcable have).

■ In other cases, the head-end offers some form of unique, locally originated programing.

In San Diego, Cox Mission Cable markets the equivalent of a local station, KCOX, by using one channel for a mix of entertainment, news and sports.

In the San Francisco area, Gillcable originates its Classic Movie Channel, news (Cable News Network) and Sportschannel, which feeds the Entertainment & Sports Programming Network with locally originating sporting events.

■ But local programing isn't the sole source of advertising revenue for interconnect operators. Along with it, the head-ends generally feed satellite-distributed, basic service networks to their sister systems. Chief among these are CNN and ESPN, with USA Cable Network and MTV: Music Television catching up. Currently, these four are available only on the Syracuse interconnect.

Varying combinations of three networks are available on the Boston, New York, San Francisco area and Seattle/Tacoma interconnects. Cox offers only CNN and ESPN, and the Western New York interconnect has tied into CNN.

■ One prime reason for this limited-access capability is that 70% of all systems in the country are 12-channel systems. Bound by law to carry broadcast and public access channels, they often have limited room for providing ad-supported networks (with a choice to pick from) and increasing pay—tier services, such as Home Box Office and Showtime. For some, plans for increased channel capability are in the works.

Not all interconnects are individually operated, even though the head-end is physically situated at one system so that commercials can be physically inserted for play via the microwave connection (if there is one).

■ While a system like Gillcable absorbs all costs for the interconnections, some interconnects are operated on a co-op basis. Hartford/New Haven is a prime example.

It is expected to hook into every cable system in the state within two years and is operated as a co-op. All participating operators collect a share of ad revenues based on the amount of money they have put up.

New York Metro is another example. This bicycle system plans to build a microwave link among the Manhattan, Long Island, Westchester and New Jersey systems (and other systems as they come on-line) through a nonprofit, mutually owned co-op.

The plan is that of Cable Networks Inc., a year-old subsidiary of 3M Co. that grew out of the company's Media Networks Inc. concept. Media Networks bills $49,000,000 per year in spot magazine ad sales, delivering presold, preprinted local advertising pages from 100-plus markets to a wide variety of national magazines such as *Time*, *Sports Illustrated* and *Playboy*.

"It took a year of figuring out how to translate this concept to cable," says Thomas P. Sassos, Cable Networks vp-general manager. To help facilitate the Metro interconnect, Mr. Sassos says, CNI has signed five-year contracts for CNN to be accessed into systems, with CNI paying half the subscriber fee as incentive to get the participation of the various systems.

"The problem we're trying to solve is simple. Individual systems in the metro area offer advertisers highly fractured segments of the market. By providing a super head-end, we'll be able to offer the entire market, or portions thereof, to advertisers."

In some cases, CNI will even pay for the hardware, too. The master plan calls for pumping ad revenues into the establishment of a super head-end, to be known as the Metropolitan Transmission Center, costing between $7,000,000 and $10,000,000 and scheduled to begin operations in 1983.

■ Says John P. Kramer, vp-director of sales, "The problem we're trying to solve is simple. Individual systems in the metro area offer advertisers highly fractured segments of the market.

"By providing a super head-end, we'll be able to offer the entire market, or portions thereof, to the advertisers."

Horizontally (by interconnect system), MTC would be able to drop in commercials for designated geographic areas. Vertically (by channel and network availability),

(Continued on Page S-16)

It's 8 pm. Do you know where your audience is?

Once upon a time the television advertiser could tell his story to 70% of America at almost the same instant. You controlled the Who, When and Where of advertising exposure with remarkable precision.

Fragmentation. It has changed this neat little situation forever. 22 million households are on cable, choosing up to 120 channels. Almost 3 million households with VCRs celebrate viewer lib by watching what they want to watch, and when they darn well please. (They'll have a chuckle seeing your new fall models in the middle of next July.) Another half million can watch video disc playbacks. About 6 million households are using your precious TV time to blast space invaders and other assorted aliens out of the sky. And over a million with personal computers can preempt the family television to balance their checkbook or keep track of small business inventories.

Every day you lose a little more control. It's like spilling a bucket of marbles on the kitchen floor. There's no telling which way they'll go. Only that they're likely to stay somewhere in the room.

How can you regain control? By taking action before the marbles spill. By letting Twentieth Century-Fox Television show you how advertising and syndication can work together from day one—before your media plans are drawn. Then you'll no longer be at the mercy of "avails." Because you'll create your own.

As our "partner," consider the possibilities:

1. Television programs whose demos match the demos of your target audience.
2. A huge choice from existing Fox properties. Or, a new show that we'll create and produce especially for you.
3. An ad hoc network that will be measured by Nielsen.
4. A full range of ADI's. (Current Fox advertiser-supported programs reach at least 85% of all U.S. TV households.)
5. A full variety of station outlets, including network O&O's and affiliates, independents and the pinpoint audiences of the cable systems.
6. Distribution both in the U.S. and internationally.
7. A guarantee that your spots will run—because they'll be part of the show when we ship it.
8. A pricing that's reasonable enough to make "sponsorship" once again practical.

If you've got the product, we've got the show. We've produced over 100 television properties, from *MASH* to *Dance Fever* to *Batman*. From *Trapper John, M.D.*, to the new *Jessica Novak* and *The Fall Guy*. And over 2,000 movie titles from *Shirley Temple* to *Patton*, from *9 to 5* to *Alien*.

Or we'll develop something new, made to order for your audience.

Join forces with Fox and you'll be in good company. Blue chippers like Chesebrough-Pond's, General Electric, Pepsi, Gillette, Bristol-Myers and S.C. Johnson.

When you work with Fox, you're working with the leading full-service telecommunications software company. Together, we can control the target audience and deliver efficiencies unheard of since Tuesday night belonged to Milton Berle.

To get things rolling: phone Steve Orr, V.P. Domestic Syndication, (213) 203-1898.

20th Century Fox Television

Hardware for cable ahead of demand

BY MARK TROST

In the not too distant past, little more than a franchise agreement and a few miles of cable were all that were needed to start a cable system.

Today, three satellites carry cable programing regularly. But with operators planning to expand their revenue base through multiple pay tiers, city councils demanding two-way interactive capability and advertisers finally getting interested in buying cable time, hardware manufacturers are preparing multiple satellite earth station receivers, interactive-addressable 54-channel converters and commercial insertion equipment to meet the anticipated demand. Unfortunately, most systems have yet to place the new products on their shopping lists.

■ While the need to expand is there, much of the money isn't. Most systems were built before two-way technology was devised or the need to access 50 or more channels was a franchise prerequisite.

Consequently, it often takes more than a new converter or satellite dish to expand an existing system properly or turn an operator's dream of selling local ad breaks on the cable networks into a reality.

As a result, most hardware buying is dominated by stopgap purchases. Operators add what they say they can afford until they have a subscriber base large enough to warrant a substantial equipment outlay.

Those interested in buying state of the art equipment are the operators of systems that were orignally built with 50-plus channel (and/or two-way) capability in mind or new builds.

To appeal to this market, hardware manufacturers usually use one or all of the major cable trade books, such as *Cablevision*, *Multichannel News*, *TVC* and the newest entry, *Cable Age*, to get their equipment messages across.

Trade shows are even more important to moving the product, with most equipment makers citing the annual National Cable Television Assn. convention and major regional conferences that are held in Atlanta and Anaheim as must-attends.

■ For those operators contemplating major expansion or engaging in a new build, a second satellite dish is quickly becoming a necessity. To date, about 3,500 systems maintain one dish to capture programing off the major cable bird, Satcom I. But Westar III and Comstar D-2 are offering additional programing services and up to 12 new birds are preparing to go on line by 1984.

Therefore, the need for additional dishes and new multiple satellite receivers are quickly becoming clear, although only 500 systems currently have more than one earth station.

Scientific Atlanta, one of the leading dish manufacturers, sold almost 1,000 dishes to cable operators in 1980 and expects to top that number this year.

■ According to the company, dish orders are coming in at 350 a month, with cable customers accounting for a hearty chunk of the total. Prices vary from $10,000 to $15,000 (depending on the size), with 4.6 and 5-meter dishes the choice of most operators.

The company believes two-or-more-dish systems will become the industry standard in three years, with feedback from monthly ads in *Cablevision* and *TVC* and regular trade show attendance stimulating interest.

"New systems are buying two and three earth stations right off the bat," says Doug Rasmussen, marketing manager with Hughes Microwave. In 1977, the company began marketing its cable earth stations, with the 5-meter ($10,000) model the favorite.

"Many systems are currently expanding their channel capacity," adds Mr. Rasmussen, "and that immediately requires an extra dish."

The company also offers users an expansion ring that enlarges the five meter unit to six meters as insurance against transponder degradation or satellite changes.

Marketing plans for Hughes products are similar to Scientific Atlanta's, with major ads in cable trades and attendance at expositions important factors. Other dish manufacturers serving the cable field include Comtech, Gardiner, M/A-Com, National Microtech, Prodelin, Harris and Microdync.

Mark Trost is a free lance writer in New York.

Remember the name: **Simulsat.**® The one antenna that pulls in up to 14 different satellites simultaneously.

So you can tune in to virtually any programming that anyone beams down, with only a minimal investment when you want to see something on a different satellite. You won't have to worry about additional space for your next antenna, either. Simulsat on one foundation does it all.

Simulsat has the performance characteristics of a conventional 4.6 meter antenna; but it was designed to tune in any satellite within a 52-degree field of view. That means you can set it up anywhere in the United States and see up to 14 satellites at once, based on four-degree orbital satellite spacing.

Take a look at the future–today. Call (201) 658-3838 for more information on Simulsat® or the other uplink and downlink services of Satellite Communications Network.

Satellite Communications Network

Ads for a dish usually makes a claim about how many satellites it can receive simultaneously.

The cable television (inter) connection

(Continued from Page S-15)

the MTC would be able to drop in spots across a spectrum of locally originated programing or the satellite-distributed networks (CNN, ESPN, USA, MTV). Advertisers will thus have their choice of horizontal demographic groups and vertical psychographic program types. This segmenting could be so precise that advertisers will have in cable the equivalent of magazine Zip code insertion.

Advertisers are catching on, albeit slowly. CNI says its revenues are expected to exceed $1,000,000 for calendar 1981. Eastman says its figures will reach about $2,000,000. Both companies are under two years old.

William Gruber, chief of Cox Cable in San Diego, also says his company will reach the $1,000,000 sales mark by the end of this year. Cox's local ad sales have increased at a rate of 35% to 40% per year since 1978. But Mr. Gruber cautions that it's not as easy as it looks: "It took us 11 years to become profitable and only after a great deal of missionary investment." He says at least $2,000,000 has gone into capital investment since he came on board in 1978.

Major agencies, often at the prodding of clients, are finding the resources for spot cable placements in spot tv dollars, which they are using to replace or augment existing weights. However, Robert Hance III, vp-director of sales with Eastman, notes: "Some new, experimental or discretionary dollars are being added to existing media budgets."

Mr. Gruber said 30-second spots aren't the sole order either. "We get a lot of 60s and 90s," he says.

Many of the buys for spot cable are coming from the West Coast offices of ad agencies, where personnel have cable in their homes and are familiar with it. In other regions of the country, like New York and Chicago, where personnel don't always have cable at home, they're stepping a little more into narrowcast waters, many industry observers believe.

While it's still uncertain exactly what media spot cable will be competing against for budget dollars, many seem to believe that spot tv will feel the crunch for now. Eastman's Mr. Weinstein believes that in the long-range, magazine budgets may be threatened most.

As far as the industry's trade associations are concerned, spot cable is the wave of the future. Says Robert H. Alter, president of the Cable Television Advertising Bureau, "Spot cable will be an attractive, competitive package for advertisers to look at. It will evolve and have significant impact on media mixes in the future." He says the CTAB is planning a series of reports on the subject to help acquaint advertisers and agencies with the concepts and procedures already established. He points out that a technical understanding of interconnects is a first step in realization of how to use them.

As far as the future of interconnects is concerned, the day of the mega-interconnect may not be far off. In California there is talk of linking the entire coast; but it depends on advertisers' needs to reach such a huge area.

Cognars Char Beales, National Cable TV Assn. vp-media services and research, "Interconnects are an important and natural trend. With increasing cable penetration, these systems will offer advertisers greater coverage of an area than they could get in broadcast alone."

While Mr. Hance says that MSOs (multiple system operators) seem to be allowing their systems autonomy in forming interconnects, Mr. Gruber suggests that systems that don't want to participate are their own worst enemies.

As to the future of interconnects, the day of the mega-interconnect may not be far off. In California, there is talk of linking the entire coast. But it will depend largely on advertisers' needs in reaching huge geographical areas, although the need for regional sales is certainly one topic that has received much attention of late from national advertisers.#

C2710-1

Advertising Age

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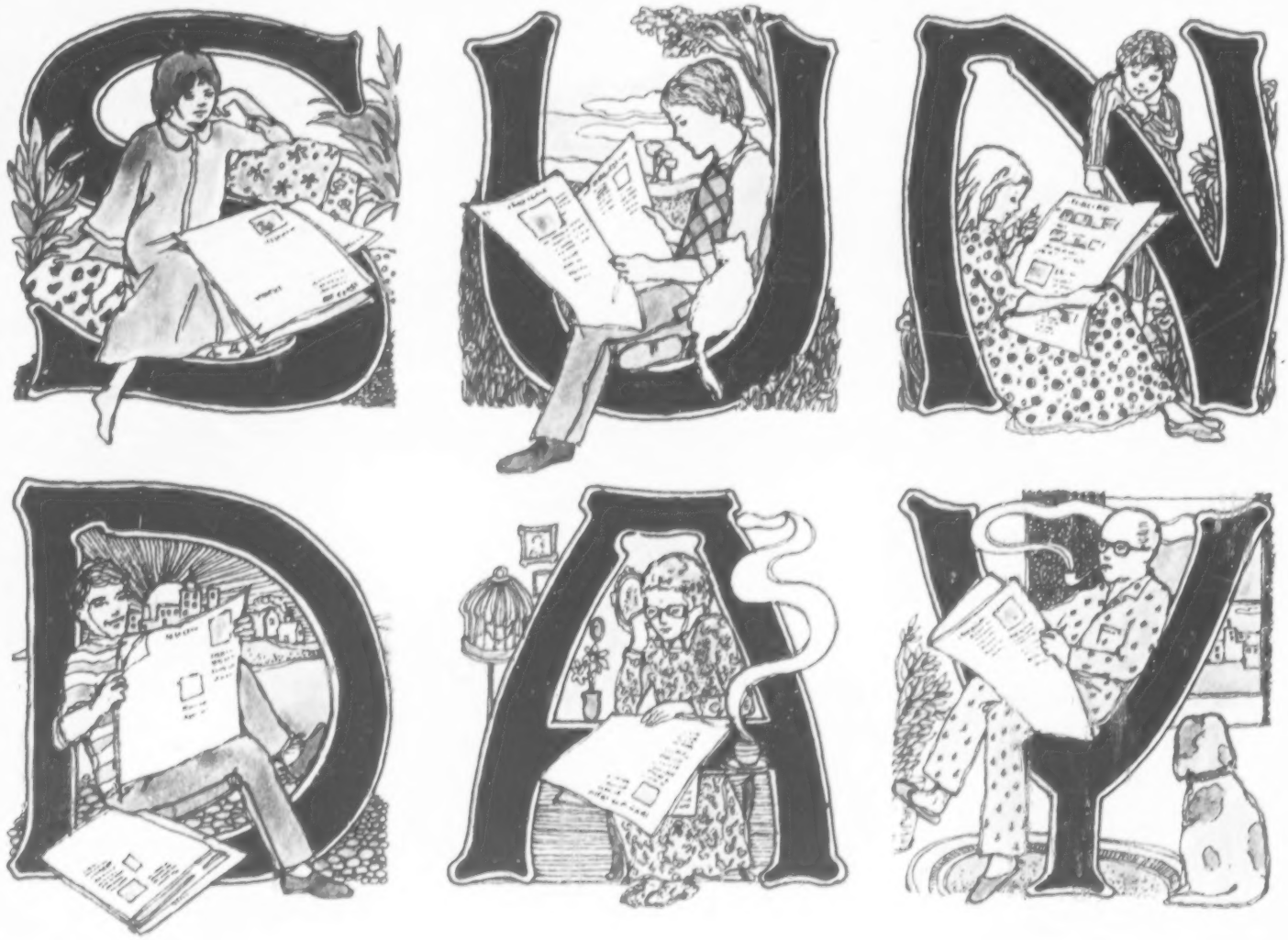
$1 a Copy; $40 a Year | The International Newspaper of Marketing • In Two Sections. Section 1. | November 23, 1981



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